

Message Text

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ACTION TRSE-00

INFO OCT-01 NEA-14 ISO-00 FPC-01 EA-11 IO-14 H-03 L-03

PRS-01 PA-04 USIA-15 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 SS-20 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

DRC-01 /181 W

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R 170730Z JUN 74

FM AMEMBASSY DACCA

TO AMEMBASSY MANILA

INFO SECSTATE WASHDC 3388

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MANILA PASS USADB

DEPARTMENT PASS TREASURY, COMMERCE

E.O. 11652: N/A

TAGS: EAID, EFIN, BG

SUBJ: ADB LOAN FOR POWER PROJECT

SUMMARY-GENERAL ELECTRIC CONFIDENT OF WINNING BID TO PUT UP LARGE BHERAMARA POWER STATION UNDER ADB LOAN. MAJOR BIDS HOWEVER ALL ABOVE AMOUNT OF LOAN. ENLARGEMENT THEREOF BEING SOUGHT.

1. BIDS OPENED FOR SUPPLY/CONSTRUCTION 40 MW GAS-TURBINE POWER PLANT BHERAMARA UNDER ASIAN DEVELOPMENT BANK LOAN. ACCORDING GENERAL ELECTRIC REPS, TWO LOWEST BIDS ARE SUMITOMO-A.E.G. AT \$12.7 MILLION AND GE AT \$13.3 MILLION. BOTH WELL ABOVE \$10.45 MILLION (INCLUDING 10 PER CENT CONTINGENCY) WHICH WAS ESTIMATED AS PROJECT COST IN LOAN.

2. GE PERSUADED ITS BID WILL BE PREFERRED TO SUMITOMO'S, WHICH IS FOR EQUIPMENT FROM SEVERAL DIFFERENT COUNTRIES, IS UNREALISTIC

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IN NUMBER OF RESPECTS AND NON-RESPONSIVE IN OTHERS.

3. MAIN PROBLEM NVW IS TO GAIN FROM ADB AN ENLARGEMENT IN AMOUNT OF LOAN TO COVER SHARP PRICE INCREASES SINCE LOAN APPROVED. EDWARD G. NAYLOR, GE REP HONG KONG, REPORTED TO EMBASSY HIS COMPANY WILL BE APPEALING TO ADB TO RAISE QUANTUM LOAN. ON COMPLETION OF EVALUATION OF BIDS, IN AROUND ONE MONTH'S TIME, GE AGENTS EXPECT BANGLADESH POWER DEVELOPMENT BOARD WILL MAKE FORMAL REQUEST. PRESUMABLY JAPANESE WILL ALSO BE SEEKING TO MOVE ADB TO ENHANCE LOAN.

4. ACCORDING TO GE AGENTS, OFFERS GOOD UP TO SEPTEMBER 31, FOLLOWING WHICH BIDDERS FREE TO RE-QUOTE. GE HOPES ADB CAN BE INFLUENCED TO INCREASE LOAN PROMPTLY TO FORESTALL RE-QUOTATION OR WORSE, NECESSITY TO RE-TENDER ALL OVER AGAIN. CONVINCED OF PRESENT SUPERIORITY ITS BID OVER SUMITOMO'S, GE FEARS DELAY WILL ALLOW JAPANESE OPPORTUNITY TO REDUCE IF NOT ELIMINATE GE COMPETITIVE EDGE.

5. GE REQUESTS USADB SUPPORT FOR EARLIEST POSSIBLE ENLARGEMENT LOAN BY BANK. EMBASSY WOULD APPRECIATE KNOWING POSSIBILITIES AND PROCEDURES OF SUCH TO ACCOMMODATE WHAT MUST NOW BE FAIRLY FREQUENT PHENOMENON OF INTERNATIONAL PRICES' FAST SOARING BEYOND ONCE REASONABLE COST ESTIMATES IN PROJECT LOANS.
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Message Attributes

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